

AMENDMENT TO THE GUIDELINES ON BRANCHING AND VOLUNTARY CLOSURE/ SALE/ACQUISITION OF BRANCHES/OTHER BANKING OFFICES

BSP CIRCULAR NO. 727, S. 2011, June 23, 2011

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Pursuant to Monetary Board Resolution No. 789 dated 26 May 2011, the provisions of the Manual of Regulations for Banks (MORB) are hereby amended as follows:

Section 1. Item "d" of Subsec. X151.4 on branching guidelines is hereby amended to read as follows:

"Subsec. X151.4 Branching guidelines. Branches may be established, subject to the following guidelines:

"x x x

"d. As a general rule, banks shall be allowed to establish branches anywhere in the Philippines, except in the cities of Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig, Quezon and San Juan (restricted areas): Provided, however, That RBs/Coop Banks shall not be allowed to establish branches in Metro Manila: Provided, further, That—

- Branches of microfinance-oriented banks, microfinance-oriented branches of banks which are not microfinance-oriented may be established anywhere, subject to compliance with, among other requirements, the minimum capital requirement under Item "a" of Subsec. X151.2 and the following conditions:

- A microfinance-oriented TB or RB may be allowed to establish branches. In Metro Manila, including in the restricted areas, if it has combined capital accounts of at least P1.0 billion in case of a TB, or at least P100.0 million in case of an RB; and

- A TB or RB/Coop Bank may be allowed to establish microfinance-oriented branches in Metro Manila, including in the restricted areas, if it has combined capital accounts of at least P1.0 billion in case of a TB, or at least P100.0 million in case of an RB/Coop Bank.

- Subject to the submission of the specific business purpose for establishing the branch, among other justifications:

- ATB with head office located outside the restricted areas or an RB with head office located outside the restricted areas but within Metro Manila with combined capital accounts of at least P1.5 billion may be allowed to establish one (1) branch anywhere within the restricted areas if it has no existing branch in said areas; and

- An RB with head office located outside Metro Manila with combined capital accounts of at least P1.5 billion may be allowed to established one (1) branch any were in Metro Manila, including in the restricted areas, if it has no existing branch in Metro Manila.

- ATB with head office outside Metro Manila with combined capital accounts of at least P1.0 billion may establish branches in Metro Manila, except in the restricted areas.

- A TB with head office outside Metro Manila and Cities of Cebu and Davao with combined capital accounts of at

least P500 million may establish branches in the Cities of Cebu and Davao.

- Subject to the restrictions in Items "6", "7", "8" and "9" hereof, an RB with combined capital accounts of at least P10.0 million, may establish branches in cities/municipalities of higher classification and with corresponding higher capitalization requirements, except in Metro Manila: Provided, That where the majority of the RB's total assets and/or majority of its total deposit liabilities are regularly accounted for by branches located in such cities/municipalities of higher classification, the RB shall comply with the required minimum capital under Subsection X111.1 for that city/municipality of the highest classification within one (1) year from the BSP finding.

- An RB or a Coop Bank shall only be allowed to establish branches if its combined capital accounts is at least P10 million;

- An RB with combined capital accounts of at least P10.0 million but less than P50.0 million may establish branches anywhere within two (2) - hour normal travel time by land/sea public transport from the head office, except in Metro Manila;

- An RB with combined capital accounts of at least P50.0 million but less than P100.0 million may establish branches in any island group (Luzon, Visayas or Mindanao) where the head office is located, except in Metro Manila.

- An RB with combined capital accounts of at least P100.0 million may establish branches anywhere in the Philippines, except in Metro Manila unless, qualified under Items "d(1)" and "d(2)" above; and

"x x x"

Section 2. Item "b(5)" of Subsec. X151.10 on voluntary closure/sale of branches/other banking offices is hereby amended to read as follows:

"Subsec. X151.10 Voluntary closure/sale/acquisition of branches/other banking offices. "

x x x

- Sale/acquisition of branches/other banking offices. Sale/acquisition of existing/ operating branches/other banking offices may be allowed with prior approval of: the Monetary Board in accordance with the following procedures:

"xxx

"(5) xxx

A UB KB or TB may purchase/acquire branches/other banking offices anywhere, including in Metro Manila and in the restricted areas: Provided, That a TB may purchase/acquire branches/other banking offices in Metro Manila, including in the restricted areas if it has combined capital accounts of at least P1.0 billion, and purchase/acquire branches/other banking offices in the Cities of Cebu and Davao, if it has combined capital accounts of at least P500.0 million:

xxx"

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

Adopted: 23 June 2011

FOR THE MONETARY BOARD:

(SGD.)AMANDOM.TETANGCO.JR.

Governor

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